

Growth of Foreign Travel

Large Rise Through 1960—Some Slowdown in 1961

FOREIGN travel expenditures by U.S. residents exceeded \$2.6 billion in 1960. The rise from 1959—11 percent—was the same as the 1958 to 1959 increase, and slightly higher than the average annual increase for the preceding 10 years. Indications are that the rise has slackened this year, reflecting political unrest in various parts of the world and the aftermath of the business recession here.

Rise in fare payments

Of the \$2,640 million spent by Americans on foreign travel in 1960 about \$1,740 million represented outlays in foreign countries and close to \$900 million fares covering transportation between the United States and the foreign countries visited. The more rapid increase in fare payments—15 percent—over 1959 compared to 8 percent for other travel expenditures—may be attributed in part to the expansion in travel to more distant areas at relatively higher transportation costs but average fares also increased because of the larger use of jet planes. The lesser increase in expenditures in foreign countries reflects also the shorter average stay abroad of those who use air transportation as compared with those who go abroad by ship. Another factor was the continued increase in cruise travel in which some 75 percent of the travelers expenses are for fares and various payments on board ships, a substantially higher portion than in other travel.

In addition to the amount spent abroad, foreign countries received \$460 million from U.S. travelers in fares paid to foreign ships and planes. Thus, total payments to foreigners on account of foreign travel in the year were \$2.2 billion, or 83 percent of the total of \$2.64 billion for travel.

For the first time since 1950, the share of fares going to foreign carriers exceeded the portion paid to U.S. trans-

portation companies. The 20-percent increase in fare receipts by foreign carriers reflects the rising share of air traffic carried by foreign planes—from 26 percent in 1950 to 41 percent in 1960—and a continuing expansion in cruise travel which takes place mostly on foreign ships.

The rise in sea travel was relatively greater than in overseas air travel, but in absolute numbers the growth in air travel predominated by far. This tendency could be observed in transatlantic travel, where the number of ship passengers was higher than in any year since 1956. It also was found in nearby travel in the Caribbean, where ship cruises are important.

Share of Europe grows

Two-thirds of the 1959-60 increase in travel expenditures within foreign countries went to Europe and the Mediterranean area, compared with one-third in the previous year. Canada and Mexico together received less than a fifth of the rise, contrasted with over one-half in 1959 when there was a strong recovery from the depressed 1958 level. Travel to Cuba was down sharply; to other Western Hemisphere countries it continued to rise.

Over half of the Americans traveling to overseas countries in 1960 went to Europe compared with 46 percent in 1959. These travelers spent over \$700 million in European countries, 17 percent more than in 1959. This rise exceeded the average annual increase during the past 10 years.

The growth of expenditures in Europe reflected a 20-percent increase in the numbers of travelers, offsetting slightly lower average expenditures. The expansion in transatlantic jet airplane service and special tourist events in Europe in 1960 contributed to this rise.

Overall per capita expenditures, including transatlantic fares, for Ameri-

cans traveling to Europe, remained the same as in 1959, about \$1,500—the portion covering transatlantic fares (\$660) increasing slightly and the part spent in Europe (\$840) being slightly under the 1959 figure. Americans crossing to Europe by ship spent an average of about \$1,700 per trip, with \$1,000 spent in Europe and \$700 on fares. Travelers by air averaged \$1,400 per trip spending \$770 in Europe and \$630 on fares.

Italy received the largest share of U.S. travel expenditures in Europe for the sixth consecutive year, although the number of visitors remained below those going to France and the United Kingdom. The high expenditures in Italy may be attributed as usual to a relatively high per capita expenditure, reflecting a large proportion of foreign-born Americans making an extended stay with family and friends. The effect of the Olympic Games in 1960 as a stimulus to travel in Italy cannot be evaluated, since the number of American visitors there advanced in about the same ratio as the number of

Table 1.—Expenditures for Foreign Travel by U.S. Residents

Year	Total	Expenditures in foreign countries	Fares paid to—	
			Foreign carriers	U.S. carriers
1950.....	989	483	164	41
1957.....	470	249	95	27
1947.....	736	573	28	86
1951.....	1,028	767	132	130
1952.....	1,188	840	172	171
1953.....	1,304	929	170	189
1954.....	1,491	1,008	182	229
1955.....	1,512	1,153	201	258
1956.....	1,514	1,215	236	301
1957.....	1,965	1,372	261	322
1958.....	2,140	1,608	320	360
1959.....	2,380	1,610	326	380
1960.....	2,640	1,740	400	425

Note.—Excludes travel by military personnel and other Government employees stationed abroad, their dependents and U.S. citizens residing abroad; includes shore expenditures of cruise travelers; passenger fares exclude fares paid by emigrant aliens.

Sources: U.S. Department of Commerce, Office of Business Economics.

travelers to Europe as a whole. On the other hand, the Passion Play at Oberammergau resulted in a greater-than-average increase in travel to Germany and Austria.

The numbers and expenditures of travelers in the Benelux countries were less than in 1958. Actually, travel to these countries has steadily increased during the 1950's. Figures shown for 1958 were abnormally high, reflecting this influx as a result of the Brussels World Fair.

Nearby travel

Payments for travel in Canada by U.S. residents advanced slightly to \$380 million in 1960. While numbers and expenditures of Americans going to Canada by train were lower than in the preceding year, greater numbers and average expenditures of travelers by plane and automobile produced an overall payments increase of 4 percent. This was less, however, than the average annual increase since 1955.

A small gain in U.S. travel expenditures in Mexico in 1960 reflected a rise in spending in Mexican border towns; U.S. expenditures in the interior of Mexico remaining unchanged.

Expenditures in the West Indies and Central America decreased by \$8 million to \$166 million as the number of travelers to this area declined from 677,000 to 641,000. A sharp drop in American travel to Cuba was only partly offset by an increase to the nearby Bahamas. Travel outlays in South America again increased modestly.

Far East movement up

Travel payments by U.S. residents in other areas, principally Japan and the Far East, continued to increase but accounts for less than 5 percent of the total. Round-the-world trips have gained in popularity during the past few years, stimulating additional travel to the Far East along with the impetus provided by the expansion of jet service to the area. Japan and Hong Kong again received more than half of U.S. expenditures in other areas.

Foreign travelers increase expenditures in U.S.

Foreign visitors spent \$970 million in the United States in 1960, plus \$110 million in fares paid to U.S. ships and planes for international transportation. The increase over the prior year was

proportionately less than the rise in U.S. payments for foreign travel, and the excess of travel payments over U.S. receipts rose in 1960 by 10 percent to \$1.1 billion.

In the balance of payments accounts, however, there are certain partially offsetting receipts connected with the high level of travel payments which should be noted. These include: purchases of U.S.-produced airplanes by foreign countries, which are used to transport American travelers to various parts of the world; port charges paid in the United States by foreign ships and planes which carry passengers to and from the United States; receipts by U.S. airlines for transportation of U.S. passengers between foreign countries; income and service fees remitted to the United States out of travelers' expenditures abroad in cases where foreign hotels are owned or operated by U.S. companies.

One-third of the \$66 million increase in travel receipts came from Mexican visitors, and most of the remainder came from residents of overseas countries, particularly Europe and the Far East. Canada's share of the increase was negligible, and there was no gain in expenditures of visitors from the West Indies, Central America, and South America.

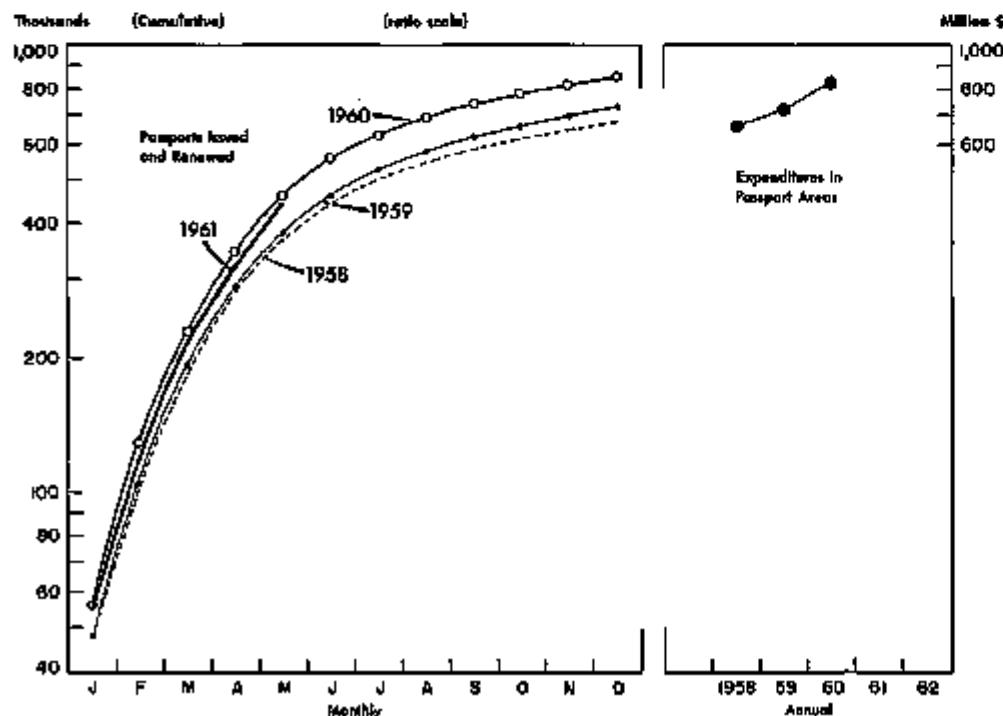
Receipts from Canadian residents were about \$470 million, accounting for roughly half of total travel receipts. The small increase from 1959 can be attributed to the rising number of plane travelers. Spending by Canadians using all other means of transportation either remained unchanged or, as in the case of travelers by train, actually declined. The excess of travel receipts from Canada over payments dropped from about \$100 million in 1959 and 1958 to \$90 million.

Receipts from Mexican visitors were \$180 million here—15 percent more than in 1959—all but \$30 million was spent by them along the border, however.

Receipts from residents of Europe and the Mediterranean area also rose 15 percent to \$115 million. Relaxation of exchange restrictions in recent years has contributed to the increase in the number of Europeans traveling here, and the number of European vis-

FOREIGN TRAVEL EXPENDITURES AND PASSPORTS ISSUED

Passports Validated So Far This Year Run Behind 1960 Record

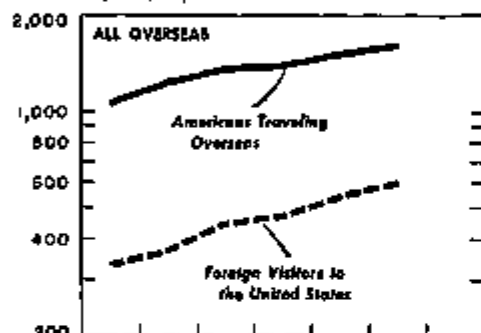


itors to the United States since 1955 has increased proportionately more than American visitors to Europe, although in 1960 the relative rise was about the same. In absolute amounts, the gap between the number of Europeans coming here and Americans traveling to Europe has continued to widen owing to the greater magnitude of the latter figure.

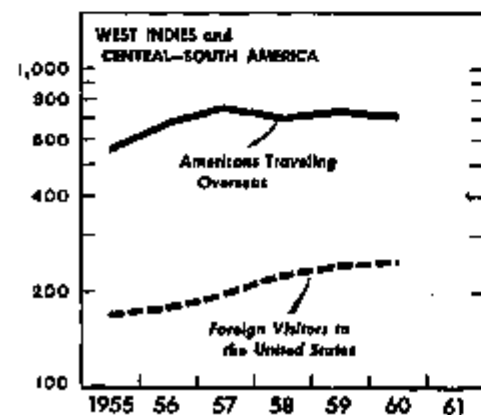
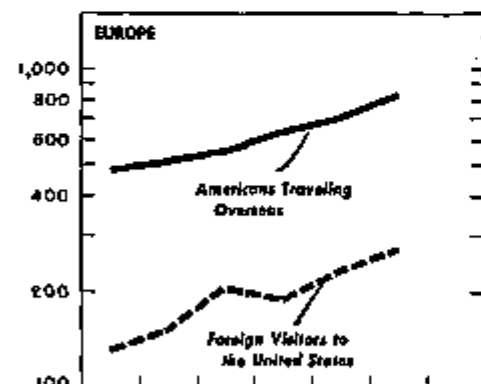
TRAVEL IN THE UNITED STATES

BY OVERSEAS VISITORS Has Risen Relatively Faster Than American Travel Overseas Since 1955 — Number Much Less

Thousands of Persons (ratio scale)



The Largest Increase Has Come From Europe



Date: Dept. of Justice & ORE

U. S. Department of Commerce, Office of Business Economics

51-6-8

Excess of U.S. expenditures largest in Europe

Among the various travel areas, the excess of U.S. expenditures over receipts is largest in Europe, where the ratio is about 6 to 1. Payments in 1960 by American travelers (excluding fares) exceeded receipts by nearly \$600 million.

Last year, about 8 persons of every 10,000 Europeans visited the United States, compared with about 46 out of every 10,000 Americans who visited Europe. However, this disproportion is to some extent accounted for by the relatively low level of European incomes. After deducting expenditures for food, rent and clothing, European per capita consumption outlays in 1959 were about \$280, compared with about \$950 per capita in the United States. Another factor is, of course, the difference in relative costs for a European to visit the United States as compared with the varied attractions available for a much smaller outlay in Europe.

Remedial steps are being taken in order to improve the balance of payments due to travel. A campaign is being developed to encourage travel to the United States by foreign visitors. At the same time, the reduction in the amount of duty-free merchandise permitted to American travelers if enacted into law would result in some decrease in their average expenditures in some areas.

The disparity between the amount spent by Americans for European travel and the amount spent here by Europeans is also due to the difference in average expenditures. While Americans spend an average of \$840 on travel in Europe, the average expenditure here by Europeans is about half this amount. Costs of Europeans coming here are lower partly because a great many stay with relatives. It seems likely, therefore, that the gains to be expected from a program to encourage European travel here depend in part on the success in raising the number of such travelers, but especially from reaching into new groups whose average expenditures can be expected to be higher.

Offsetting this possibility, the largest part of the recent increase in the number of Americans visiting Europe is in

United States-born group, whose average expenditures in Europe tend to be considerably higher than those of foreign-born travelers from the United States.

Table 2.—Expenditures for Foreign Travel by U.S. Residents, 1956-60

(Millions of dollars)					
	1956	1957	1958	1959	1960
Total.....	1,814	1,985	2,148	2,580	2,646
Transportation.....	539	583	606	776	845
Foreign-flag carriers.....	238	261	320	380	450
U.S.-flag carriers.....	301	322	286	396	395
Expenditures abroad.....	1,275	1,372	1,450	1,616	1,745
Canada.....	316	340	323	305	280
Persons staying under 48 hours.....	74	90	75	85	n.a.
Mexico.....	279	303	319	350	385
Persons visiting Mexican border only.....	181	203	210	233	245
Overseas areas.....	659	727	816	866	1,030
Europe and Mediterranean.....	473	483	506	604	701
United Kingdom.....	82	82	90	102	114
Ireland.....	11	12	13	n.a.	12
France.....	86	93	93	n.a.	118
Benelux.....	20	21	40	n.a.	83
Germany.....	63	28	64	n.a.	83
Austria.....	14	16	19	n.a.	25
Switzerland.....	38	42	43	n.a.	53
Italy.....	94	89	90	n.a.	122
Spain.....	21	21	31	n.a.	35
West Indies and Central America.....	134	143	160	174	160
Bermuda.....	26	28	29	n.a.	26
Nassau.....	22	22	n.a.	42	42
Jamaica.....	40	58	25	n.a.	28
Other British West Indies.....	11	11	n.a.	15	15
Cuba.....	37	43	37	n.a.	14
Netherlands West Indies.....	4	5	7	n.a.	10
South America.....	29	37	37	41	45
Venezuela.....	9	8	9	n.a.	9
Other overseas areas.....	44	54	65	76	85
Japan.....	22	20	20	n.a.	36
Hong Kong.....	3	9	13	n.a.	18

NOTE.—For coverage, see table 1. n.a.—Not available. Source: U.S. Department of Commerce, Office of Business Economics.

Table 3.—U.S. Travelers to Overseas Countries by Means of Transportation (Thousands of travelers)

	1956	1957	1958	1959	1960
Total.....	1,239	1,369	1,308	1,516	1,534
Sea.....	327	343	282	279	317
Air.....	912	1,026	1,026	1,237	1,217
Europe and Mediterranean.....	621	548	632	705	832
Sea.....	226	265	218	201	230
Air.....	395	283	414	504	602
West Indies and Central America.....	631	701	645	672	641
Sea.....	87	70	66	55	67
Air.....	544	631	579	617	574
South America.....	42	51	62	50	71
Sea.....	5	7	5	7	9
Air.....	37	44	57	43	62
Other.....	45	59	64	76	66
Sea.....	5	12	13	13	11
Air.....	39	47	51	63	55

NOTE.—For coverage, see table 1; also excludes cruise travelers.

Source: U.S. Department of Commerce, Office of Business Economics, based on data of U.S. Department of Justice, Immigration and Naturalization Service.

Table 4.—Numbers and Expenditures of U.S.-Born and Foreign-Born U.S. Residents Traveling in Europe and the Mediterranean Area, Selected Countries, as Available, 1953-1960

	Numbers of travelers (thousands)			Total expenditures (millions of dollars)			Average expenditures (dollars)		
	U.S. born	Foreign born	Total	U.S. born	Foreign born	Total	U.S. born	Foreign born	Total
Europe and Mediterranean:									
1950.....	588	243	831	336	164	500	568	672	1,240
1955.....	465	240	705	432	132	564	944	632	1,576
1959.....	422	215	637	424	130	554	1,000	632	1,632
Sub: 1950.....	142	85	227	175	64	239	1,260	720	1,980
1955.....	128	79	207	145	57	202	1,180	718	1,898
1959.....	137	81	218	170	60	230	1,220	717	1,937
Air: 1950.....	437	175	612	303	102	405	850	683	1,533
1955.....	357	104	461	287	55	342	881	679	1,560
1959.....	285	134	419	254	70	324	892	662	1,554
United Kingdom:									
1950.....	306	94	400	68	22	90	265	237	502
1955.....	258	79	337	73	17	90	278	243	521
France:									
1950.....	415	90	505	101	17	118	242	105	347
1955.....	367	74	441	78	15	93	232	80	312
Benelux:									
1950.....	226	44	270	20	7	27	117	151	268
1955.....	229	61	290	31	9	40	134	143	277
Germany:									
1950.....	282	100	382	52	21	73	158	307	465
1955.....	203	77	280	40	21	61	194	210	404
Austria:									
1950.....	142	20	162	20	5	25	139	130	269
1955.....	165	28	193	14	5	19	122	172	294
Switzerland:									
1950.....	261	61	322	43	10	53	153	100	253
1955.....	203	50	253	34	9	43	108	177	285
Italy:									
1950.....	224	81	305	65	27	92	285	236	521
1955.....	246	95	341	70	23	93	307	240	547
Spain:									
1950.....	95	18	113	21	4	25	223	223	446
1955.....	82	13	95	18	3	21	210	206	416

NOTE.—For coverage see table 1; includes the expenditures but not the number of cruise travelers.
Source: U.S. Department of Commerce, Office of Business Economics, based on data of U.S. Department of Justice, Immigration and Naturalization Service.

The Balance of International Payments

(Continued from p. 15)

disturbed by other factors in 1958 and even more so since the middle of 1960. At the end of the first quarter of 1961 short-term claims outstanding were more than 6 standard deviations or more than \$1 billion higher than can be explained by the average relationship to exports over the previous 9 years.

The fourth panel which shows the yields on 3-month Treasury bills may reflect some of these other factors.

The rise in claims relative to exports during the first three quarters of 1958 coincided with a decline in yields on these securities. The decline in claims (relative to the trend) from the third quarter of 1958 to the third quarter of 1959 coincided in part with the drop in exports, but it continued about 6 months longer. During that period yields on Government securities moved up. The sharp rise in claims after the middle of last year coincided with relatively low yields.

The yields on Government short-term securities may not be the primary

factor contributing to the outflow of capital; it may be merely symptomatic of the general supply situation for capital which may have a more direct influence. A low yield indicates a large supply relative to requirements for investments, a high yield a relative tightness in the capital market. Furthermore, changes in the relation of domestic to foreign capital markets also have to be taken into consideration.

These conditions are not yet sufficient, however, to be an independent influence on international capital movements, and apparently were not very effective prior to 1958. Only after restrictions on international capital movements had been removed by foreign countries, so that funds that moved abroad would be free to return, could international capital movements expand. These liberalizations were greatly accelerated in Europe in 1958, and in the latter part of 1960 similar measures were taken by Japan. The capital outflow in the second half of

Table 5.—Expenditures by Residents of Foreign Countries in the United States

(Millions of dollars)

	1959	1960
Visitors from foreign countries.....	992	968
Canada.....	462	409
Persons staying under 48 hours.....	66	n.a.
Mexico.....	100	153
Persons visiting U.S. border only.....	138	143
Total overseas countries.....	280	317
Europe and Mediterranean.....	68	115
United Kingdom.....	28	34
West Indies, Central America, and South America.....	133	133
Other overseas countries.....	49	60

n.a.—Not available.
NOTE.—Includes expenditures of travelers for business and pleasure, foreigners in transit through the United States and students; excludes expenditures by foreign government personnel and foreign businessmen employed in the United States.

Source: U.S. Department of Commerce, Office of Business Economics.

Table 6.—Foreign Visitors to the United States from Overseas Countries

(Thousands of travelers)

	Total	Business	Pleasure	Transit	Students
Overseas countries, total:					
1954.....	482	165	285	80	23
1959.....	544	195	324	80	23
Europe and Mediterranean:					
1954.....	274	85	185	38	6
1959.....	233	83	133	44	4
West Indies, Central America, and South America:					
1954.....	248	10	182	30	9
1959.....	243	21	170	35	11
Other overseas areas:					
1954.....	70	21	38	11	9
1959.....	68	15	38	17	8

NOTE.—Excludes visitors from Canada and Mexico; excludes foreign government personnel and foreign businessmen employed in the United States.

Source: U.S. Department of Justice, Immigration and Naturalization Service.

1960 appears to have been speeded up by the simultaneous easing of the capital market in the United States, as business activity here slackened, while capital market conditions in Europe increasingly tightened.

In the spring of this year monetary authorities in some of the major European countries attempted to stem the capital inflow and encourage capital outflows by various measures such as increasing lending facilities of their banks. In some European countries certain long- and short-term interest rates moved down. At the same time, however, large amounts of funds were borrowed by Japan, where capital continued to be much more expensive than either here or in Europe.

Policies to dampen excessive business expansions by tightening domestic credit are being reviewed abroad and cooperation by central banks to reduce—or compensate for, volatile international capital flows has been initiated.